FOR MYSORE STATE

104,006—4-11-49.

P.W (195) Department.

R SERIES.

G.O. NO. 566

566

Dated 5-5-51.

[Despatch Abstract.]

From:

Roque Fernandes, B.A.,L.T.,
President,
Action Committee,
Udipi Electricity Consumers,
UDIPI.

To

The Secretary,
Public Works Department,
Government of Madras,
MADRAS.

Sir,

ELECTRICITY- Udipi Electric Supply Corporation- War Costs Surcharge- Enhanced levy.

Ref: Your Memorandum No. 3328-1/50-11 dated 8-1-1951 to the Chairman, Udipi Municipal Council, Udipi, copy sent to me.

---- -----

It is stated in the first para of your above memo that with reference to representations regarding 100% War Costs Surcharge levied by the Udipi Licensee, as the legality of the surcharge has been questioned in a Court of Law, the Government propose to await the decision of the Court in the matter.

(2) I have the honour to point out, however, that in my letter dated 13-12-1950 to you, a copy of which is again sent herewith for your ready reference, I had brought to your notice that the matter was no longer sub-judice as it was already disposed off in the Court. In fact, being encouraged by the sympathetic attitude shown by you when I met you in deputation on 5-12-1950, I even persuaded the Action Committee which was responsible for the institution of the law suit to allow the appeal time also to lapse so that your hands might be free to do justice to the consumers.

(3) I, therefore, request you to consider the representations sympathetically and pass such orders as you may deem just and proper in the interest of the consumers.

Yours faithfully,

Udipi,
25-1-1951)

President,
Action Committee, Udipi Electricity Consumers, Udipi.

Copy to: The Chairman, Udipi Municipal Council, Udipi.
Janab H.S.Hussein, B.A.,B.L.,M.L.A., Madras.
The Executive Officer, Panchayat Board, Udipi.
The Commissioner, Udipi Municipality, Udipi.
The Secretary, The Circle Congress Committee, Udipi
The Chief Electrical Inspector to Government of Madras, Madras.

From:
Roque Fernandes, B.A.,L.T.,
President,
Action Committee,
Udipi Electricity Consumers,
UDIPI.

To
The Secretary,
Public Works Department,
Government of Madras,
MADRAS.

Sir,

ELECTRICITY- Udipi Electric Supply Corporation, Ltd- imposition of 100% Surcharge- cancellation-prayed.

- --

Please permit me to thank you for the sympathetic hearing you gave and the consideration extended when my friends and I waited in deputation on you on 5-12-1950 to represent to you matters regarding imposition of 100% surcharge by the local Udipi Electric Supply Corporation as per sanction of the Government.

(2) As represented to you in the past also, the imposition of surcharge of 100% is unprecedented, unjust and unreasonable.

(3) The Surcharge has proved to be a very heavy burden on the consumers on account of the prevailing economic distress and inability of the consumers to make any profitable use of the very inefficient energy that is being supplied.

(4) The exhrbitant surcharge accounts for the disconnection of Street lighting since September as a mark of protest and also because of inability of the Municipality to meet the increased demand by the Supply Corporation. Consequently, civic life in Udipi is very much inconvenienced.

(5) While a representative suit by the consumers challenging the surcharge was filed in the local Civil Court with the support of the Action Committee which I represent, the matter was decided in favour of the Licencee that technically the impostion was legal though not on merits. The appeal time is allowed by us to lapse with a view to approaching you for a sympathetic review of the position at your hands and grant of appropriate reliefs to the hard-hit consumers.

(6) Accordingly, as the matter is no longer sub-judice, I request that you may be pleased to sympathetically reconsider our case and order cancellation of sanction of surbharge at an early date.

Yours faithfully,

Sd. R. Fernandes,
President, Action Committee,
Udipi Electricity Consumers,
UDIPI.

Udipi,)
18-12-1950)

Copy to: The Chief Electrical Inspector, Madras,
The Commissioner, Udipi Municipality, Udipi.

/True copy/

President,
Action Committee,
U.E.Consumers, Udipi.

ASST. SECRETARY TO GOVERNMENT
From 15 FEB 1951 To
PUBLIC WORKS DEPARTMENT

ROC. No. 3-4831/50.

Municipal Office, Udipi,
Dated 12. 2. 1951.

Sri A. S. D'souza, B. A.,
Municipal Commissioner, Udipi.

The Secretary to Government,
P.W.D., Department, Fort St. George, Madras.

The Inspector of Municipal councils and
Local Boards, Madras and
The Chairman, Municipal council, Udipi.

Sir,

ELECTRICITY-Udipi Electric License-war cost surcharge enhanced levy.
Ref:: Govt. Memo. No. 3328-1/50-11 dated 8. 1. 1951.

I submit herewith a copy of Municipal council's resolution No.5 dated 27-1-51 and request that the Government may be pleased to remove the surcharge levied at 100% in view of the fact that the subject is no longer subjudice.

Commissioner. 12/2/51

Forwarded,
12.2.51
Chairman, U.M.C.
12.2.51

KMR. 12. 2.

Copy of resolution No.5 dated 27-1-51 of the Municipal council,Udipi,

p.610 F.Y.

Govt.Memorandum No.3328-1/50-11, P.W., dated 8-1-51 informing the Chairman, Municipal council,Udipi that the Government propose to await the decision of the court as the question of the legality of the levy of 100% surcharge by the Udipi Electric supply corporation has been questioned in a court of Law and further informing that the Government have sanctioned the acquisition of the Udipi Electrical undertaking and orders would be issued shortly fixing the date on which the undertaking would é vest in Government and that the extension of Jog power to South Kanara District is likely to take some time.

RESOLUTION

"The Government may be urged on the necessity of removing the surcharge now that the matter is no longer subjudice."

Sd. U.S.Nayak,
Chairman.

(True copy)

Commissioner. 12/2/51

KMR.12.2.

9
12.2.51

P.W.(9)

5

2/1/53

Memo. No. 716-J/51-1 dt 15-3-51

Elec - Kodipi Electric Supply Corporation - War Costs Surcharge - Enhanced levy - Protest.

Exhibit P-1 - 3 C.F.
Exhibit P-5 - 7 C.F

Ref:- From Sri Roque Fernandes dt 25-1-51
--- the Commissioner, Kodipi Municipality
No. Roc. A2-4831/50 dt 12-2-51

Exhibit P-1 - 7 C.F

Copies of the letters from Sri Roque Fernandes and the Commissioner, Kodipi Municipality, cited are communicated to the C.E.I.G. for remarks through the C.E.(E) with reference to their letter No. 3147-M/Rec/49-95 dt 29-8-50 and Endt No. 1131-E/49-55 dt 7-9-50 respectively.

Exhibit P-31 - 40 C.F (Y)
Exhibit P-41 C.F (Y)

It is presumed that only Surcharge at the rate of 50% only will be levied

after the Udipi Electrical undertaking is taken over by Govt as provided in the scheme for the acquisition and improvement of the Udipi Electrical undertaking approved in G.O.Ms.375 P.W.D. 25.1.50. The C.E.(E) is requested to confirm this to state if the presumption is correct and if so, whether the Udipi Mply and other petitioners concerned may be informed accordingly.

14.3.51

15/3/51

pp. recd. 4/3/51

To
The C.E. Hyd } with copy of pp 1-7 C.F.
" C.E(E)

E.R to C.E. I & d
C.E(E) dt 18/4/51

Dis 1872
26.3.51

From:

Roque Fernandes, B.A., L.T.,
President,
Action Committeee,
Udipi Electricity Consumers,
UDIPI.

To

The Secretary,
Public Works Department,
Government of Madras,
MADRAS.

Sir,

ELECTRICITY- Udipi Electric Supply Corporation-
War Costs Surcharge- enhanced levy.

Ref: Your Memo No. 3328/1/50-11 dated 8-1-1951
and my letters dated 18-12-1950 and 25-1-1951.

In my two letters cited above, I had represented that the imposition of 100% Surcharge as sanctioned by the Government was unjust and ~~must~~ might be withdrawn. I had also pointed out that the matter was no longer sub-judice.

On account of this exhorbitant surcharge, the street lighting of the town has been suspended and the public are greatly inconvenienced. The Consumers are finding it most difficult to pay at the enhanced rate as against the rapidly deteriorating supply.

I, therefore, request that the matter may please be considered sympathetically ~~without delay~~ and the surcharge ordered to lapse atleast from 1-4-1951.

Yours faithfully,

21st Mar., 1951)
UDIPI.)

R. Fernandes, President,
Action Committee, U.E.C.

Copies to: The Chief Electrical Engineer, Govt. of Madras.
The Chief Electrical Inspector, Govt.of Madras.
The Chairman, Udipi Municipal Council
The Executive Officer, Kartal Panchayat Board.

P.W(I).

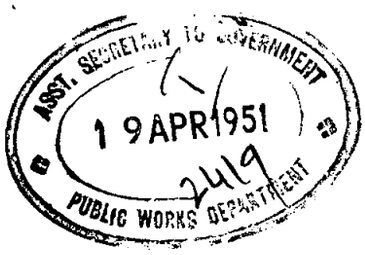
Please see letter on pp 11 ante. A copy of it has also been sent to the C.E.I.G. No action seems necessary on that letter. The reply of the C.E.I.G and the C.E (E) to the memo on pp 9-10 ante may be awaited till 15-4-51.

26/3/51

28/3/51

27.3.51.

ELECTRICITY



Electricity--Udini Electric Licensee--war costs surcharge for 1951-52--application by licensee.

Ref:- Letter No.U/145/AC/396 dated 10-4-51 from the licensee and Government (PWD) memorandum No.716-M/51-1 dated 15-3-1951.

464-M/R&C/51-3

Madras 16th April 1951 xx

Sri K.V.Karantha, M.A., M.I.E.,

Chief Electrical Inspector to Govt.,

PUBLIC WORKS

Through: The Chief Engineer for Electricity, Madras-2.

The licensee is at present levying a war cost surcharge of 100% sanctioned in G.O.Rt.No.664 PWD dated 19-6-1950 and unless amended, this rate will continue to be inforce till such date as may be specified by Government.

The licensee has now submitted the revenue and net revenue accounts for the 11 months of the year 1950-51, as also forecasts for the year 1951-52 and requests for permission to levy a war cost surcharge of 130% for the year 1951-52. One copy in each of the statements furnished by the licensee are enclosed herewith.

The revenue forecast figures for 1951-52 are practically the same as per the actuals in 1950-51, calculated for 12 months on a proportionate basis from the actuals furnished for 11 months. However, a considerable reduction is shown in revenue from public lighting viz. Rs.1,140/- as against Rs.3,361/- in 1950-51, a decrease of 66%. There was similar reduction in street lighting revenue comparading the years

PTO

1949-50 and 1950-51, the figure for the former year having been Rs.6,155/-. This is probably because of the boycott of the public lighting due to the surcharge ordered by Government. It may be assumed that the lighting will recommence in future. There is a reduction (of 55.4%) in respect of "Maintenance of public lamps", but as the actual amount involved is small, it may be neglected. Hence, the gross anticipated revenue for 1951-52 will come to Rs.57,620/- plus Rs.(3,361 - 1,140) or say Rs.59,840/- and the surchargeable portion of the revenue is Rs.53,500/- plus 2,220/- = Rs.55,800/-.

On the Expenditure side, the total units anticipated to be generated in 1951-52 are practically the same as in 1950-51 and the expenditures under the several items nearly the same as in 1950-51. Increases are shown under salaries of Engineers, staff etc. over the 1950-51 figures, but these increases are small and may be accepted as they may due to increments to salaries etc.

The licensee has provided Rs.10,470/- towards depreciation, Rs.10,500/- towards arrears of depreciation and Rs.2,430/- towards write off for intangible assets. These are stated to be as per the provisions of the Electricity Supply Act, 1948 and unless they are provided for, the licensee cannot declare a dividend of more than 3%. These may be accepted particularly because the amount available towards depreciation and arrears of depreciation for 1950-51 (as per the net revenue account) is inclusive of dividends, if any, on arrears, Rs.13,680 x $\frac{12}{11}$ = Rs.15,142 only whilst the intention now is to provide Rs.11,670/- towards depreciation plus Rs.13,800/- towards arrears of depreciation for the year stated to be based on the supply Act provisions.

As per the 1949-50 accounts, the licensee's block capital is Rs.2,54,240/- and a 3% dividend on this will be equal to Rs.7,627. Adding this to the anticipated net loss of Rs.(59,680 - 3,361) (Rs.3,361 being the decrease in the licensee's estimate of revenue from public lighting), the total amount to be made good is Rs.65,946/-.

Assuming that the revised orders of Government regarding war costs surcharge on the basis of the present application will take effect from 1-5-1951, the surcharge that would have been collected in one month upto 30-4-1951 is : 55800 x $\frac{100}{100}$ x $\frac{1}{12}$ = Rs.4,650/-.

Therefore, amount remaining to be recovered .. Rs.65096 - 4650 = Rs.60,446/-.

Percentage war costs surcharge required to be levied from 1-5-1951 .. $\frac{60446}{55800}$ x 100 x $\frac{12}{11}$ = 118%.

To enable declaration of a 4% dividend, the surcharge required from 1-5-51 will be $\frac{62215}{55800}$ x 100 x $\frac{12}{11}$

= 123%.

As already pointed out in this office No.3147-W/Tech/49-50 dated 18-5-1950 (while forwarding the licensee's surcharge application for 1950-51), a comparison of the licensee's accounts over some years past shows high increases in expenditure out of all proportion to the load development which is practically at a standstill.

The following figures illustrate this:-

	1945-46	1946-47	1947-48	1948-49	1949-50	1950-'51 actuals	1951-52 estimated
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Generation:-							
Proportion of salaries of Engineers etc.	482	578	560	628	1,965	2,365	2,574
wages&Gratuities being salaries of Power House staff.	3,580	4,506	5,082	5,252	6,534	7,269	7,943
Distribution:-							
Proportion of salaries of Engineers etc.	482	578	560	628	1,965	2,365	2,574
wages&Gratuities being salaries of power house line staff	1,817	2,572	3,014	3,036	4,698	4,904	5,278
Rents, Rates etc.							
Rents	782	716	769	818	789	2,401	1,931
Management:-							
General Establishment	6,320	6,538	6,575	7,707	17,237	21,082	21,010
Proportion of salaries of Engineers, Officers etc.	643	770	740	837	2,620	3,153	3,432

It is obvious from the above that there were sharp increases under most of the above items after 1948-49 (though the figures for the years 1950-51 and estimated figures for 1951-52 are substantially the same) and it cannot be said to what extent the rises were justifiable unless the matter is thoroughly investigated.

Further a scrutiny of the estimated figures for 1950-51 and the submitted by the licensee in with his application for surcharge, vide his No.U./648/AC/396 dated 25-4-50 forwarded to Government in this office No.3147-M/R&C/49-50 dated 15-5-50, indicates the following:-

EXPENDITURE: A.Generation.	Estimates for 1950-51	Actuals for 1950-51 (based on 11 months' actuals furnish
Fuel oil	24,700	26,711
Lubricating oil	6,000	7,165
Wages & Gratuities of Power House staff	6,492	7,269
E.MANAGEMENT.		
General Establishment	16,490	21,082
F.LAW CHARGES.	nil	1,073

REVENUE:

By sale of energy:-	Estimates for 1950-51	Actuals for 1950-51 (based on 11 months actuals furnished).
Lighting	47,200	43,892
Power	0,400	5,650
Public lighting	6,060	3,361
Units generated:	2,82,800	2,18,358

It may be noted from the above that the expenditure has gone up considerably though the units generated has gone down. The revenue also shows a decline, particularly by as much as nearly 50% under public lighting. In the circumstances, it is not clear to what extent the present estimate for 1951-52 is likely to represent the actuals.

From Public Works Department memorandum No.716-I/51-1 dated 15-3-1951 forwarding a copy of the letter dated 25-1-1951 from Mr.Roque Fernandes, President, Action Committee, Udipi Consumers' Association, it would appear that the representations of the Udipi consumers' association were advised by Government that the question of a revision in the war costs surcharge levied by the licensee would have to wait until the matter ceases to be subjudice. A surcharge of 100% is definitely high. If my above presumption is correct, this suggests that some hope of reduction of surcharge was held out for thereafter. Some consideration to the consumer appears to be called for now that the matter is no longer subjudice. The scheme for acquisition of the Udipi Electrical Undertaking and improvement of supply position in the area, has been prepared on the basis of levy only a 50% surcharge after the taking over of the licensee by Government Electricity Department and this scheme has been sanctioned by Government already. Also, the undertaking has been notified for acquisition and the vesting date has been fixed as 15-6-1951. As the interval of time between and/-5-5 and 15-6-1951 is short and as a 50% surcharge is only contemplated under the Udipi Scheme for levy by Government Electricity Department, and as the public of Udipi appear to be direly in need of relief, I recommend that a surcharge of 50% with effect from 1-5-1951 or date of order may be permitted to be levied by the licensee.

Yours faithfully,

Chief Electrical Inspector to (Govt.)

GS/17-4-51

Encl: 6 sheets and 1 copy of letter.

Advance copy submitted to:-
The Secretary to Government,
Public Works Department,
Fort St.George, Madras-9.

Copy to:-
The Chief Engineer for Electricity,
157, Mount Road,
Madras-2.

***

Very urgent.

Memo No 716 I/51-2/d 24-4-51.

Electricity - Sadipi Electric Supply Corporation - War Costs Surcharge for 1951-52 - Application by Licensee

pp 13-16 cf - Ref from the C.E.I.G. No 464-M(R&C/51-3 d 16.4.51.

pp 9, 10 ante
pp 13-16 cf

The attention of the C.E.(E) is invited to Memo No 716 I/51-1 d 15.3.51 and the C.E.I.G.'s letter cited sent through him and he is requested to expedite his remarks in the matter at a very early date.

To the C.E.(E)

Rd 27-4-51.
30.4.51

PDL
24/4/51
30.4.51

DPK
24/4/51

URGENT.

GOVERNMENT ELECTRICITY DEPARTMENT.

The Chief Engineer for Electricity,
157, Mount Road, Madras-2.

To

The Secretary to Government,
Public Works Department,
Fort St. George, Madras.

No. 1131-E/49-84, dated 26-4-1951.

Sir,

Sub: Electricity - Udipi Electric Corporation - War Costs Surcharge - Enhanced levy - Protest.

Ref: Government Memo. No. 716-I/51-1, dated 15-3-1951 and Government Exchange Reminder dated 18-4-1951.

pp 9-10 ante

===

1/ With reference to para 2 of the Government Memorandum cited above, I have to state that the presumption of Government is correct.

2/ The Udipi Municipality and other petitioners concerned may be informed accordingly.

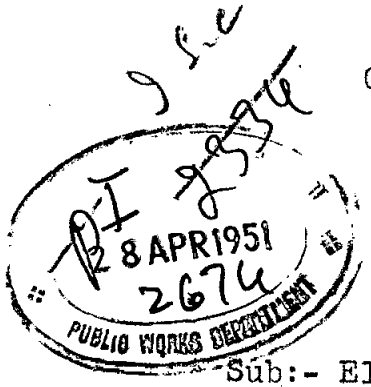
3/ The Government Exchange Reminder is returned herewith.

N. Venkatarao

Encl: Exchange Reminder.

For Chief Engineer for Electricity.

PYJ/26-4.



GOVERNMENT ELECTRICITY DEPARTMENT.

::::

Office of the Chief Engineer
for Electricity,
157, Mount Road, Madras.

Endorsement No.1131-E/49-83 dated 25-4-1951.

Sub:- Electricity - Udipi Electric Licensee - War costs surcharge for 1951-52 - Application by Licensee.

Ref:- From the Chief Electrical Inspector to Government letter No.464-M/R&C/51-3 dated 16-4-51.

--:--

Forwarded to the Secretary to Government, Public Works Department, Madras.

I endorse the recommendations of the Chief Electrical Inspector to Government.

For Chief Engineer for Electricity.

nbs.26/4.

To

The Secretary to Government,
Public Works Department, Madras.

Same as pp 13-16 ante

C.F. 20.

ELECTRICITY DEPARTMENT.

Received ..... 19 . *Registered* ..... 19 .

Subject: Electricity--Udipi Electric Licensee--war costs surcharge for 1951-52--application by licensee.

p 27 ante

pp 8-10 ante

Ref:- Letter No.U/145/AC/396 dated 10-4-51 from the licensee and Government (PWD) memorandum No.716-I/51-1 dated 15-3-1951.

- - - - - - - -

ENCLOSURES.

No. .....

.....

Spare copies .....

No. 464-M/R&C/51-3

Station Madras, *Dated the* 16th April 1951 19

From (Name) Sri K.V.Karantha, M.A., M.I.E.,

(Designation) Chief Electrical Inspector to Govt.,

To The Secretary to the Government of Madras,

PUBLIC WORKS Department.

Through: The Chief Engineer for Electricity, Madras-2.

Sir,

pp 159. 166 cf of (A) The licensee is at present levying a war cost surcharge of 100% sanctioned in G.O.Rt.No.664 PWD dated 12-6-1950 and unless amended, this rate will continue to be inforce till such date as may be specified by Government.

The licensee has now submitted the revenue and net revenue accounts for the 11 months of the year 1950-51, as also forecasts for the year 1951-52 and requests for permission to levy a war cost surcharge of 130% for the year 1951-52. One copy in each of the statements furnished by the licensee are enclosed herewith.

pp 31-39 ante

The revenue forecast figures for 1951-52 are practically the same as per the actuals in 1950-51, calculated for 12 months on a proportionate basis from the actuals furnished for 11 months. However, a considerable reduction is shown in revenue from public lighting viz. Rs.1,140/- as against Rs.3,361/- in 1950-51, a decrease of 66%. There was similar reduction in street lighting revenue comparing the years

PTO

1949-50 and 1950-51, the figure for the former year having been Rs.6,155/-. This is probably because of the boycott of the public lighting due to the surcharge ordered by Government. It may be assumed that the lighting will recommence in future. There is a reduction (of 56.4%) in respect of "Maintenance of public lamps", but as the actual amount involved is small, it may be neglected. Hence, the gross anticipated revenue for 1951-52 will come to Rs.57,620/- plus Rs.(3,361 - 1,140) or say Rs.59,840/- and the surchargeable portion of the revenue is Rs.53,580/- plus 2,220/- = Rs.55,800/-.

On the Expenditure side, the total units anticipated to be generated in 1951-52 are practically the same as in 1950-51 and the expenditures under the several items nearly the same as in 1950-51. Increases are shown under salaries of Engineers, staff etc. over the 1950-51 figures, but these increases are small and may be accepted as they may be due to increments in salaries etc.

The licensee has provided Rs.10,470/- towards depreciation, Rs.10,500/- towards arrears of depreciation and Rs.2,430/- towards write off for intangible assets. These are stated to be as per the provisions of the Electricity Supply Act, 1948 and unless they are provided for, the licensee cannot declare a dividend of more than 3%. These may be accepted particularly because the amount available towards depreciation and arrears of depreciation for 1950-51 (as per the net revenue account) is, inclusive of dividends, if any, on shares, Rs.13,880 x $\frac{12}{11}$ = Rs.15,142 only whilst the intention was to provide Rs.11,670/- towards depreciation plus Rs.12,600/- towards arrears of depreciation for that year stated to be based on the supply Act provisions.

As per the 1949-50 accounts, the licensee's share capital is Rs.2,54,240/- and a 3% dividend on this will be equal to Rs.7,627. Adding this to the anticipated net loss of Rs.(59,690 - 2,221) (Rs.2,221 being the decrease in the licensee's estimate of revenue from public lighting), the total amount to be made good is Rs.65,096/-.

Assuming that the revised orders of Government regarding war costs surcharge on the basis of the present application will take effect from 1-5-1951, the surcharge that would have been collected in one month upto 30-4-1951 is : $55800 \times \frac{100}{100} \times \frac{1}{12}$ = Rs.4,650/-.

Therefore amount remaining to be recovered ...
Rs.65096 - 4650 = Rs.60,446/-.

Percentage war costs surcharge required to be levied from 1-5-1951 ... $\frac{60446}{55800} \times 100 \times \frac{12}{11}$ = 118%.

To enable declaration of a 4% dividend, the surcharge required from 1-5-51 will be $\frac{62915}{55800} \times 100 \times \frac{12}{11}$
= 123%

As already pointed out in this office No:3147-M/R&C/49-50 dated 15-5-1950 (while forwarding the licensee's surcharge application for 1950-51), a comparison of the licensee's accounts over some years past shows high increases in expenditure out of all proportion to the load development which is practically at a standstill.

pp5-6 (A)

CONTD.

The following figures illustrate this:-

	1945-46	1946-47	1947-48	1948-49	1949-50	1950-51 actuals	1951-52 estimated
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Generation:-							
Proportion of salaries of Engineers etc.	482	578	560	628	1,965	2,365	2,574
wages&Gratuities being salaries of Power House staff.	3,580	4,506	5,082	5,252	6,534	7,269	7,943
Distribution:-							
Proportion of salaries of Engineers etc.	482	578	560	628	1,965	2,365	2,574
wages&Gratuities being salaries of power house line staff	1,817	2,572	3,014	3,036	4,698	4,904	5,278
Rents, Rates etc.							
Rents	782	716	769	818	2,401	1,789	1,931
Management:-							
General Establishment	6,320	6,538	6,575	7,707	17,237	21,082	21,010
Proportion of salaries of Engineers, Officers etc.	643	770	740	837	2,620	3,153	3,432

It is obvious from the above that there were sharp increases under most of the above items after 1948-49 (though the figures for the years 1950-51 and estimated figures for 1951-52 are substantially the same) and it cannot be said to what extent the rises were justifiable unless the matter is thoroughly investigated.

Further, a scrutiny of the estimated figures for 1950-51 and the submitted by the licensee in with his application for surcharge, vide his No.U./648/AC/396 dated 25-4-50 forwarded to Government in this office No.3147-M/R&C/49-50 dated 15-5-50, indicates the following:-

EXPENDITURE: A. Generation.	Estimates for 1950-51	Actuals for 1950-51 (based on 11 months' actuals furnished
Fuel oil	24,700	26,711
Lubricating oil	6,000	7,165
Wages & Gratuities of Power House staff	6,492	7,269
E. MANAGEMENT.		
General Establishment	16,490	21,082
F. LAW CHARGES.	nil	1,073

PTO

REVENUE:

By sale of energy:-	Estimates for 1950-51	Actuals for 1950-51 (based on 11 months actuals furnished).
Lighting	47,200	43,892
Power	6,400	5,650
Public lighting	6,060	3,361
Units generated:	2,82,800	2,18,358

It may be noted from the above that the expenditure has gone up considerably though the units generated has gone down. The revenue also shows a decline, particularly by as much as nearly 50% under public lighting. In the circumstances, it is not clear to what extent the present estimate for 1951-52 is likely to represent the actuals.

From Public Works Department memorandum No.716-I/51-1 dated 15-3-1951 forwarding a copy of the letter dated 25-1-1951 from Mr. Roque Fernandez, President, Action Committee, Udipi Consumers' Association, it would appear that the representations of the Udipi consumers' association were advised by Government that the question of a revision in the war cost surcharge levied by the licensee would have to wait until the matter ceases to be subjudice. A surcharge of 100% is definitely high. If my above presumption is correct, this suggests that some hope of reduction of surcharge was held out for thereafter. Some consideration to the consumer appears to be called for now that the matter is no longer subjudice. The scheme for acquisition of the Udipi Electrical Undertaking and improvement of supply position in the area, has been prepared on the basis of levy only a 50% surcharge after the taking over of the licensee by Government Electricity Department and this scheme has been sanctioned by Government already. Also, the undertaking has been notified for acquisition and the vesting date has been fixed as 15-6-1951. As the interval of time between 1-5-1951 and 15-6-1951 is short and as a 50% surcharge is only contemplated under the Udipi Scheme for levy by Government Electricity Department, and as the public of Udipi appear to be direly in need of relief, I recommend that a surcharge of 50% with effect from 1-5-1951 or date of order may be permitted to be levied by the licensee.

pp 9-10 ante

Yours faithfully,

Chief Electrical Inspector to Govt.,

SS/17-4-51

Encl: 6 sheets and 1 copy of letter.

Advance copy submitted to:-
The Secretary to Government,
Public Works Department,
Fort St.George, Madras-9.

Copy to:-
The Chief Engineer for Electricity,
157, Mount Road,
Madras-2.

COPY OF letter No. U/145/Ac/396 dated 10th April 1951 from The Udipi Electric Supply Corporation ltd., Madras. to the Chief Electrical Inspector to Government, 157, Mount Road, Madras.

Ref: your telephonic message No. 464 M/R&C/51-1 dated 2-4-51.

.....

With reference to the above, we beg to submit herein enclosed the following statements prepared in conformity with the instructions issued by you on the above subject:- pp31-39 wjm

1) Revenue account and nett revenue account for the period of 11 months from 1-4-50 to 28-2-51. pp31-33 wjm

2) Estimated Revenue and Nett Revenue account for the year ending 31-3-52. pp35-37 wjm

3) War costs surcharge calculations in the form given by the Government. p39 wjm

4) Declaration of the desired war costs surcharge for the year 1951-52. p29 wjm

It will be seen from the surcharge calculations that on the basis outlined by the Government, a surcharge of 116% is necessary to cover the total war costs.

But as per Electricity supply Act, which has come into force, provision for the following items are obligatory:-

1) Depreciation 2) arrears of Depreciation
3) Writing off intangible assets.

So, in the Estimated Revenue account and Nett Revenue account for 1951-52, we have made provision for the above items which have increased our expenditure abnormally. Our anticipated loss is Rs.59,690/- as per the estimated nett revenue account for the year ending 31st March 1952. We therefore require a war costs surcharge to cover this loss and also to declare a dividend of 4% to the shareholders. Amount required by way of war costs surcharge is therefore Rs. 69,768/-.

Nett loss	Rs.59,690/-
Dividend to share-holders.	Rs.10,078/-
	Rs.69,768/-

The percentage of surcharge required is 130% as follows:-

$$\frac{69768 \times 100}{53580} = 130\%$$

We may add that the amount of Managing Agency allowance and the Depreciation provided in the Revenue account for 1951-52 are worked out only at the same rates as given in Schedule VI of the Electricity Supply Act 1948. We confirm that the provision for depreciation will also be actually made during the year if war costs surcharge is permitted at the rate xx requested by us.

We further wish to inform you that the total number of units generated in 1950-51 is 2,18,358 for 11 months, from April 1950 to February 1951.

We have placed before you for your kind consideration all the above and request that you may be pleased to allow us a war costs surcharge of 130% as explained above.

Thanking you,

n.s.16.4.51.

/TRUE COPY/ V. Sangaranarayanan 17/4

ASSISTANT ENGINEER
(ELECTRICAL)

The Udipi Electric Supply Corporation Ltd.

MANAGING AGENTS

THE MECHELEC ENGINEERING CO., LTD.

TELE { Grams: "MECHELEC"
Phone No. 3006

Head Office:
99/A, ARMENIAN ST., G. T., MADRAS.

Station Madras,

Dated 10th April 1951.

Ref. No.

DECLARATION.

We declare that, in our opinion, a war costs surcharge is desirable and that the rate at which is in our opinion deemed desirable is 130% during the year 1951-52 .

for The Udipi Electric S.C.Ltd.,

SUPERINTENDING ENGINEER.

THE UDIPI

Revenue Accou

	Rs. A. P.	Rs.
A-GENERATION:		
To Fuel Oil	24,485- 7- 7	
" Lubricating Oil	6,563- 1- 7	
" Engine Room Stores	65-11- 3	
" Proportion of Salaries of Engineers, Superintendents and Officers	2,167-12-10	
" Wages & Gratuities being salaries of power house staff	6,663- 2- 2	
" Repairs & Maintenance as follows:		
Buildings	196-12-11	
Plant & Machinery	1,397-13- 3	
General Expenses	28-14- 0	
		41,573-
B-DISTRIBUTION:		
To Proportion of Salaries of Engineers, Superintendents and Officers	2,167-12-10	
" Wages & Gratuities being salaries of line staff	4,495- 0- 0	
" Repairs, Maintenance and Renewals of:		
Transformers	- - -	
Mains	853- 1-10	
Meters	57- 9- 0	
House Service connection	174- 5- 9	
Tools and Instruments	- - -	
Vehicles	38- 8- 0	7,786-
C-PUBLIC LAMPS:		
To Attendance, Repairs & Renewals		350-
D-RENT, RATES & TAXES:		
To Rents	2,201- 0- 0	
" Rates & Taxes	660- 0- 0	
" Electricity Duty	4,251- 0- 0	7,112-
E-MANAGEMENT EXPENSES:		
To Directors' Remuneration & Travelling Expenses	284-12- 0	
" Managing Agency Allowance	3,320- 0- 0	
" General Establishment charges	19,325- 7- 8	
" Proportion of salaries of Engineers, Superintendents and Officers	2,890- 6- 4	
" Auditors of the Company	500- 0- 0	
" Auditors appointed unier the provision of the Act	161- 0- 0	26,481-
F-LAW CHARGES:		984-
G-DEPRECIATION:		-
H-SPECIAL ITEMS:		
To Insurance	205- 9- 2	
" Electrical Inspector's Inspection fees	90- 0- 0	
" Contribution to Employees' Provident Fund	1,605- 6- 0	
" Service connection charges	197- 7- 7	2,098-
TOTAL EXPENDITURE: ..		86,386-
To Balance Carried over to Net Revenue Account		13,335-
		Rs.99,722-

TKA: TBK.

ELECTRIC SUPPLY CORPORATION LIMITED.

nt for the period ended 1-4-1950 to 28-2-1951(11 months).

A. P.		Rs. A. P.	Rs. A. P.
	BY SALE OF ENERGY:		
	For Lighting purposes	40,234- 0- 2	
	" Power Purposes	5,179- 6- 6	
	" Under special contract	3,609- 2- 6	
		49,022- 9- 2	
	Less Rebates on Consumers' bills	1,168- 2- 6	
			47,854- 6- 8
	For Public Lights		3,031- 7-10
11- 7	" Maintenance of Public Lights		432-11- 4
	" Rental of Meters & Public Light Fittings		3,031-14- 1
	" Transfer & Sub-division fees		3- 0- 0
	" Miscellaneous receipts from consumers		676- 7- 5
	" Low condition surcharge		44,355- 4- 2
	" Service connection charges recovered		227- 1- 7
5- 6			
0- 3			
0- 0			
10- 0			
7- 0			
- -			
6- 9			
9- 0			
12- 1			
5- 1			Rs. 99,772-5- 1

for THE UDIPI ELECTRIC SUPPLY CORPORATION LTD.

SUPERINTENDING ENGINEER.

THE UDIPI ELECTRIC SUPPLY CORPORATION LTD.

Net Revenue Account for the period of eleven months from 1-4-1950 to 28-2-1951.

	Rs. A. P.		Rs. A. P.
To Interest on Security Deposit	274- 1- 3	By Balance from last account	206-14- 9
" Balance applicable to Dividends subject to provision for depreciation for the year and arrears of depreciation as per Electricity Supply Act	13,880- 2- 0	" Balance brought from Revenue Account	13,335-12- 1
		" Interest on Investments	600- 7- 0
		" Bank Interest	11- 1- 5
	Rs. 14,154- 3- 3		Rs. 14,154- 3- 3

FOR THE UDIPI ELECTRIC SUPPLY CORPORATION LTD.

SUPERINTENDING ENGINEER.

THE UDIPI ELECTRIC

Estimated Revenue Acc

	Rs. A. P.	Rs. A. P
A-GENERATION:		
To Fuel Oil	26,700- 0- 0	
" Lubricating Oil	7,160- 0- 0	
" Engine Room Stores	70- 0- 0	
" Proportionate salaries of Engineers, Superintendents and Officers	2,574- 0- 0	
" Wages & Gratuities being salaries of Power House staff	7,943- 0- 0	
" Repairs, & Maintenance as follows:		
Buildings	210- 0- 0	
Plant & Machinery	1,530- 0- 0	
General Expenses	33- 0- 0	
		46,220- 0- 0
B-DISTRIBUTION:		
To Proportionate salaries of Engineers, Superintendents & Officers	2,574- 0- 0	
" Wages & Gratuities being salaries of line staff	5,278- 0- 0	
" Repairs, Maintenance & Renewals of:		
Transformers	500- 0- 0	
Mains	930- 0- 0	
Meters	70- 0- 0	
House Service connections	200- 0- 0	
Tools and Instruments	10- 0- 0	
Vehicles	38- 0- 0	
		9,600- 0- 0
C-PUBLIC LAMPS:		
To attendance, repairs and renewals		60- 0- 0
D-RENT, RATES & TAXES:		
To Rents	1,931- 0- 0	
" Rates & Taxes	720- 0- 0	
" Electricity Duty	4,639- 0- 0	
		7,290- 0- 0
E-MANAGEMENT EXPENSES:		
To Directors' Remuneration & Travelling Expenses	500- 0- 0	
" Managing Agency Allowances	3,560- 0- 0	
" General Establishment charges	21,010- 0- 0	
" Proportion of salaries of Engineers, Superintendents and Officers	3,432- 0- 0	
" Auditors of Company	500- 0- 0	
" Auditors appointed under the provision of the Act	188- 0- 0	
		29,190- 0- 0
F-LAW CHARGES:		- -
G-DEPRECIATION:		10,470- 0- 0
H-SPECIAL ITEMS:		
To Insurance	230- 0- 0	
" Electrical Inspector's Inspection fees	90- 0- 0	
" Contribution to Employees' Provident Fund	1600- 0- 0	
		1,920- 0- 0
		Rs. 1,04,750- 0- 0

TKA:ABK.

UPPLY CORPORATION LIMITED.

nt for the year ending 31st March 1952.

	Rs. A. P.	Rs. A. P.
BY SALE OF ENERGY:		
For Lighting purposes	43,900- 0- 0	
" Power Purposes	5,650- 0- 0	
Under special contracts	3,940- 0- 0	
	53,490- 0- 0	
Less:Rebates on consumers' bills	1,280- 0- 0	
		52,210- 0- 0
" Public Lighting		1,140- 0- 0
" Maintenance of Public Lights		230- 0- 0
" Rental of Meters, and Public Light fittings		3,300- 0- 0
" Miscellaneous receipts from consumers		740- 0- 0
" LOSS CARRIED OVER TO NET REVENUE ACCOUNT		47,130- 0- 0
		Rs. 1,04,750- 0- 0

FOR THE UDIPI ELECTRIC SUPPLY CORPORATION LTD.

SUPERINTENDING ENGINEER.

THE UDIPI ELECTRIC SUPPLY CORPORATION LTD.

Estimated Net Revenue Account for the year ending 31st March 1952.

	Rs. A. P.		Rs. A. P.
To Balance from Revenue account	47,130- 0- 0	By Interest on Investments	655- 0- 0
" Interest on Security Deposit	300- 0- 0	" Bank Interest	15- 0- 0
" Arrears of Depreciation as per Electricity Supply Act	10,600- 0- 0	" NET LOSS	59,690- 0- 0
" Accounts to be written off in respect of intangible assets:			
Preliminary expenses	1,000- 0- 0		
Engineering Development Expenses	1,000- 0- 0		
Brokerage & Commission on shares	430- 0- 0		
	Rs.60,360- 0- 0		Rs.60,360- 0- 0

FOR THE UDIPI ELECTRIC SUPPLY CORPN.LTD.

SUPERINTENDING ENGINEER.

THE UDIPI ELECTRIC SUPPLY

War costs surcharge - Ca

Actual for 1939

	Rs. A. P.
I-INCREASED COST OF ESTABLISHMENT & ADMINISTRATION:	
1. Salaries of Engineers	600- 0- 0
2. Salaries of Officers, Superintendents and Other Office Establishment	1,205-12-11
3. Dearness Allowance to 1 and 2 above	-
4. Managing Agency Allowance	2,400- 0- 0
5. Staff Insurance	89- 2- 0
6. Contribution to Employees' Provident Fund	-
7. Travelling Expenses	332-12- 0
8. Conveyance Expenses	373- 9- 6
9. Postage, Telegrams & Telephones	476-13- 1
10. Printing & Stationery	404- 1- 5
11. Electricity Duty	-
	Rs.5,882- 2-11
Gross Revenue excluding surcharge	Rs.20,806-15- 4

Increased cost = 52,156 -($\frac{5382}{20807}$ x 57620) = 52,156 minus 16,289

II-INCREASED COST OF MAINTENANCE (MATERIALS):	
1. Lubricating Oil	858- 1- 2
2. Water, Wastes and Other Engine room stores	15- 2- 3
3. Repairs & Maintenance of Generating station	228-15-11
4. Street Light Maintenance	306- 7- 9
5. Repairs & Maintenance of Mains	52-11- 0
6. Repairs & Maintenance of Service Lines and apparatus on consumers' premises	17- 3-11
	Rs.1,478-10- 0
Units Generated	92,943 uni
Maintenance cost per unit	0.255 ann

Increased cost = 2,38,000 x $\frac{(0.724 - 0.255)}{16}$ = $\frac{0.469 \times 2,38,000}{16}$

III-INCREASED COST OF FUEL:	
1. Tons of fuel utilised for generation	67.9 ton
2. Total cost of 1 above including all expenses for placing same on works	6,495-14- 2
3. Cost of fuel per ton	95-11- 0
4. Total units generated	92,943 unit
5. Units generated per ton of fuel	1,366.8 uni

Increased cost (2135-10-0 minus 95-11-0) x 113.3 = 139-15-0 x 113.3

IV-DECREASE IN STREET LIGHTING:	Minimum payable agreement
a) Udipi (Sale of energy)	Rs.3,845- 0- 0
b) Karkala -do-	750- 0- 0
	4,595- 0- 0

V-TOTAL WAR COSTS: ... ...

VI-REVENUE: 1. Sale of energy Rs.53,350- 0- 0
2. Maintenance of Street Lights 230- 0- 0
Rs.53,580- 0- 0

VII-PERCENTAGE OF WAR COSTS SURCHARGE: = $\frac{62,153}{53,580}$ x 100 =

WE HEREBY CERTIFY that the above calculations are correct to the best o

TKA:ABK.

CORPORATION LIMITED.

culations - 1951-52.

40	Actual for 1949-50	Estimate for 1951-52	War Costs
	Rs. A. P.	Rs. A. P.	
	5,850- 0- 0	7,800- 0- 0	
	17,056- 3- 1	18,636- 8- 0	
	6,569- 2- 0	8,580- 0- 0	
	3,321-12- 0	3,560- 0- 0	
	190-12- 4	230- 0- 0	
	1,051-14- 0	1,600- 0- 0	
	2,959-13- 0	2,630- 0- 0	
	201-14- 0	230- 0- 0	
	704-15- 7	750- 0- 0	
	1,196- 9- 1	3,420- 0- 0	
	5,217- 6- 7	4,639- 0- 0	
	44,320- 5- 8	52,155- 8- 0	
	66,146- 6- 2	57,620- 0- 0	
		=	35,867- 0- 0
	5,894- 2-11	7,160- 0- 0	
	158-11- 6	70- 0- 0	
	4,808- 5- 9	1,773- 0- 0	
	798- 2- 1	60- 0- 0	
	3,866- 8- 1	1,430- 0- 0	
	246- 0- 3	270- 0- 0	
	15,771-14- 7	10,763- 0- 0	
s	2,85,077 units	2,38,000 units.	
s	0.885 annas	0.724 annas	
		=	6,973- 0- 0
	117.4 tons	113.3 tons	
	25,023- 0- 2	26,700- 0- 0	
	213- 2- 0	235-10- 0	
	2,85,077 units	2,38,000 units	
	2,428 units	2,100 units.	
		=	15,855- 0- 0
as per	Estimated consumption for 1951-52.	Decrease in Revenue.	
	Rs.420- 0- 0	Rs.3425- 0- 0	
	720- 0- 0	30- 0- 0	3,455- 0- 0
	1140- 0- 0	3455- 0- 0	Rs.62,153- 0- 0

116%

our knowledge and belief.

for THE UDIPI ELECTRIC SUPPLY CORPN.LTD.

SUPERINTENDING ENGINEER.

P.W.(I)

ELECTRICITY -Udipi Electric Licensee - War Costs Surcharge - Levy - Revision of rate - Ordered.

Read again: G.O.R.664 P.W. dt.12-6-50
Ref: From the C.E.I.C.No.464-M/R&C/51-3 dated 16-4-51
From the C.E.(E)No.1331-E/49-83 dated 25-4-51.

G.O.R. 566 DATED 5.5.51

In G.O.R.No.664 P.W. dt.12-6-50, the Udipi Electric Licensee was permitted to levy a war costs surchage at the rate of 100% with effect on and from the consumption bills from July 1950 until such date as might thereafter be specified by the State Govt. under clause 3(1) of the Madras Electricity Supply (Licensed undertakings' War Costs) Order, 1947, (issued in G.O.Ms.No.850 P.W. dt. 24-3-47, as subsequently amended), the Udipi Electric Licensee has submitted a declaration that it is desirable that he is permitted to levy the war costs surcharge at the enhanced rate of 130% for the year 1951-52. The calculations submitted by the licensee in support of his declaration have been carefully scrutinised by the Govt. and they see no adequate reason to comply with his request. Under clause 4(1) of the Madras Electricity Supply (Licensed Undertakings' War Costs) Order, 1947, H.E. the Governor of Madras hereby directs that the electrical undertaking of the Udipi Electric Licensee be permitted to levy a war costs surcharge

of 50% (fifty percent only) with effect on and from the 1st May 1950 in lieu of the war costs surcharge of 100% sanctioned for the undermentioned in G.O.Ms.No.664 P.W. dated 12-6-50.

x' pp 2 bcf + 2 1 cf

- pp 159 bcf of (A)

To

The Udipi Electric Supply Corpn. Ltd., Udipi, Mangalore.
The C.E.I.G.
The C.E.(E)

Copy to Sri Roque Fernandes, President, Action Committee Udipi Elecy. Consumers Association, Udipi.

Commr., Udipi Mlpty. thro' the C.M.C.

Despatched 3/5/51

GOVERNMENT ELECTRICITY DEPARTMENT.

From

The Chief Engineer for Electricity,
157, Mount Road, Madras.

To

The Secretary to Government,
Public Works Department, Madras.

No.1131 E/49-92 dated 1-5-51.

Sir,

Sub: Electricity- Udipi Electric Supply Corporation- War costs Surcharge for 1951-52- Application by the licensee.

p 17 ante Ref: Government Memorandum No.716 I/51-2 dated 24.4.51.

---

pp 23-26 ante The Chief Electrical Inspector to Government's letter No.464 M (Restriction and control)/51-3 dated 16.4.51 was forwarded to Government with my remarks with my endorsement

p 21 ante —No.1131 E/49-83 dated 25.4.51.

for Chief Engineer for Electricity.

Rs.2/5.

2/5

-45-

Bailur Vasudeva Rao, B.L. UDIPI.
Advocate,

SECRETARY TO GOVERNMENT 9-MAY 1951 PUBLIC WORKS DEPARTMENT

To: 1st May, 1951.

The Honourable Minister for Public Works,
Government of Madras, Madras.

Dear Sir,

While the Hon'ble Minister for Agriculture was in South Kanara last month, I, on the 25th of last month, represented to him, at his camp at Brahmavara, the hardships and grievances of consumers of Electric Energy in Udipi Town on account of the levy of 100 per cent surcharge on all electricity bills. While the consumers sincerely appreciate the proposed acquisition of the Electricity Company at Udipi with effect from June next they would be very happy and feel highly obliged to be assured forthwith that the surcharge would not persist to any extent from the time of its acquisition. The period till the vesting of the Company in the Government being small no relief is suggested herein, though in response to the various memorials submitted on behalf of the consumers so far any relief given will be very welcome. The details of the hardships arising from the surcharge have been detailed in the aforesaid memorials and I am not boring you with them here.

Thanking you for immediate assurance solicited herein,

Yours faithfully.

Copy:- The Hon'ble Minister for Agriculture.

[S... copies] -47- H.M.(P.W.)

This may be given early action and the action taken intimated to us.

Bailur Vasudeva Rao, B.A., B.L.,
Advocate,

To

The Honourable Minister for Public Works,
Government of Madras, Madras.

Dear Sir,

While the Hon'ble Minister for Agriculture was in South Kanara last month, I, on the 25th of last month, represented to him, at his camp at Brahmavara, the hardships and grievances of consumers of Electric Energy in Udipi Town on account of the levy of 100 per cent surcharge on all electricity bills. While the consumers sincerely appreciate the proposed acquisition of the Electricity Company at Udipi with effect from June next they would be very happy and feel highly obliged to be assured forthwith that the surcharge would not persist to any extent from the time of its acquisition. The period till the vesting of the Company in the Government being small no relief is suggested herein, though in response to the various memorials submitted on behalf of the consumers so far any relief given will be very welcome. The details of the hardships arising from the surcharge have been detailed in the aforesaid memorials and I am not boring you with them here.

Thanking you for immediate assurance solicited herein,

Yours faithfully.

(Sd) B. Vasudeva Rao.

Copy:- The Hon'ble Minister for Agriculture

(True copy)

P.W(I)

Letter No. T16 I/51-5 d 16-5-51.

To

Sri Bailur Vasudeva Rao, B.A., B.L.,
Udipi

Sir,

Sub: Electricity - Udipi Electric Supply Corporation - Levy of War Costs Surcharge

p45cf Ref. your letter d 1-5-51.

I am directed to acknowledge receipt of your letter cited, addressed to the H.M for Public Works, and to pp41-42cf state that according to G.O.No.R566 Pwd 5-5-51 since issued, the licensee should with effect from 1-5-51 levy a surcharge at the rate of 50% only on the consumers in the area of the

-2--50-

adipi Electrical undertaking

PSU

16/5/51

@

16.5.51.

16.5.1

Y.F.

ELECTRICITY - Udipi Electric Licensee- War Costs Surcharge for 1951-52.

---

p1cf p5cf p12-16cf p21cf

From Sri Roque Fernandes dated 25-1-51
From the Commr., Udipi Municipality Roc.A2. 4631/50 dated 12-2-1951
From the C.E.I.G.No.464-M/R-C/51-3 dated 16-4-51
From the C.E.(E) No.1131-E/49-83 dated 25-4-51

The file relates to the following matters:-

p1cf and 5-7cf

(i) Representation from Sri Roque Fernandes on behalf of the electricity consumers in Udipi and the resolution of the Municipal Council, Udipi, against the levy of a 100% war costs surcharge by the Udipi Electric Supply Corporation Ltd.,

pp27-39cf

(ii) Application of the Udipi licensee for permission to levy a war costs surcharge at the enhanced rate of 130% during 1951-52. ~~The~~

2 The position in regard to these requests are noted below:-

(Request (i) in para 1 above - Represention against 100% surcharge:

(B)

Under the Madras Electricity Supply (Licensed Undertakings War Costs) Order, 1947, issued in G.O.Ms.No. 850 P.W. dated 24-3-47, as subsequently amended, the Govt. may permit a licensee to levy a war costs surcharge at a suitable percentage to enable him to earn a reasonable return. The Udipi Licensee who is generating his own power was permitted in G.O.R.No.995 PW dated 27-9-49, as subsequently amended, to levy a war costs surcharge at the rate of 50%. Subsequently, on the application of the licensee and the ~~reconsiderations~~ recommendations of the C.E.I.G. and the C.E(E), this rate was enhanced to 100% in G.O.R.No.664 P.W. dated 12-6-50 with effect on and from the consumption bills from July 1950 until such date as might thereafter be specified by the Govt. Consequent upon this order, several representations were received from the electricity consumers in Udipi protesting against the increase in levy and ~~Representations were also received~~ urging the

pp11-12cf of (U)

x p5cf of (E) & p157cf of (A).

pp159-160 CF (A)

pp1-6, 9, 13 17 45 46 d-57cf of (Y)

Govt. to take immediate steps to acquire the undertaking and make early arrangements to extend Jog power to South Kanara Dt.. With reference to these representations, the Chairman, Municipal Council, Udipi, and other petitioners were informed, inter-alia, in consultation with the C.E.I.G., C.E.(E) and Legal Deptt. that as the legality of the levy of surcharge by the licensee had been questioned by certain consumers in a court of law, the Govt. proposed to await the decision of the court in the matter. Sri Roque Fernandez and the Udipi Municipal Council have now represented that the case has since been decided by the Court in favour of the licensee, and that as the matter is no longer subjudice, the Govt. may reconsider the matter and order the cancellation of the 100% surcharge now being leivied by the licensee. The C.E.(E) who was consulted has stated that for the supply of electricity to be given by the Govt. Electricity Department in the area of the Udipi licensee after the licensee's undertaking is taken over by the Govt., it is proposed to charge a surcharge of 50% only and has recommended that the petitioners concerned may be informed of this position. ~~accordingly~~. This suggestion of the C.E. ~~at 'A' above~~ is noted on in para 3 below.

4. Item (ii) in para 1 on p.1 ante:
Licensee's application for enhanced surcharge

The Udipi Licensee has submitted to the C.E.I.G. his revenue and net revenue accounts for the 11 months of the year 1950-51 and also forecasts for the year 1951-52 with the request that the 100% surcharge he is now ~~permitted to~~ levy, may be enhanced to 130% for the year 1951-52. On a review of the calculations submitted by the licensee, the C.E.I.G. thinks that some consideration to the consuming public seems called for, now that the legality of the levy of surcharge is no longer subjudice. As the scheme sanctioned by the Govt. for acquisition of the Udipi Electrical Undertaking and improvement of supply position in the area was prepared on the basis of levy only a 50% surcharge after

x p2 of cf

acquisition of the undertaking by the Govt. and as the undertaking is to vest in Govt. shortly on 15-6-51 and as the public of Udipi appear to be ~~directly~~ direly in need of relief, the C.E.I.C. has recommended that a surcharge of 50% only with effect from 1-5-51 or date of order, if earlier, may be permitted to be levied by the licensee. The C.E.(E) has endorsed the recommendation of the C.E.I.C.

p 2 1 cf

3. In the circumstances explained in para 3 above, the recommendation of the C.E.I.C. and C.E.(E) referrd to therein, for reduction of the war costs surcharge levied by the licensee from 100% to 50% from 1-5-51, may be accepted. In view of this proposal, no action seems called for with reference to the suggestion at 'A' in para 2 above, viz. to advise the petitioners that the surcharge will be reduced to 50% for the supply to be made by the Electricity Dept. after the licensees undertaking is taken over by the Govt. It would seem sufficient if a copy of the order to be issued to the Udipi licensee directing the reduction of the surcharge to 50% is communicated to the petitioners concerned.

x p 2 b c f d 2 1 c f

4. A draft order is submitted. After issue of the draft, the file may be circulated to H.M.(P.W.) for perusal. Legal may see for scrutiny of the draft. They may be requested to treat the case as special as orders have to be issued on 1.5.51.

30/4/51

30/4/51

30/4/51

1/5/51

Legal

Pwno 716 I/51-3.

1-5-51

D.S

ASSISTANT SECRETARY 735 1-MAY 1951 1.50 PM LEGAL DEPARTMENT

M/A/r

Legal Department.

Clause 4(1) of the Surcharge Order at (B) empowers the Government to fix the rate of war costs surcharge at the declared rate or the existing rate or 20 per centum whichever is less and consequently the rate of surcharge

cannot exceed 20 per cent. It is not therefore clear how the rate of surcharge can be fixed at 50 per cent. This point may be examined by P.W.D., before the draft is scrutinized.

1/5/51 P.W.D.

Legal U.O. No.
7351/51-1
1-5-51

P.W.(I).

Please see Legal Deptt note on pp 3-4 above. The question for consideration is whether the Udipi Electrical undertaking can be permitted to levy a war costs surcharge of 50% in the face of clause 4 (1) of GO Ms No 850 Pwd 24-3-47 pp 60-61 CF which stipulates the maximum rate of surcharge that may be allowed for a licensee at 20% subject to certain conditions.

2. The question whether the Govt can sanction a war costs surcharge in excess of 20% in the case of a licensee who applied for it for the first time was considered twice before in connection with the fixation of rate of war costs surcharge to be levied by the Sembium Electrical undertaking during 1948-49. The facts of the case relating to this undertaking which have a direct bearing on the question raised in this file are set out below:-

On GO R No 557 Pwd 21-6-48, the Govt directed the Sembium electrical undertaking not to levy a war costs surcharge during 1948-49 as the undertaking was then expected to be left without any deficit at the end of 1948-49 even without a surcharge. Subsequently in GO R No 119 Pw - pp 9-10 CF

pp 9-10 CF of (C).

'X' on pp 6-7 CF of 'Y' on p 7 CF (E)

pp 2-3 NF of (C).

pp 60-61 CF of (B).

A

'X' p 3 NF of (C)

pp 60-61 CF of (B)

p 4 NF of (C)

pp 11-12 CF of (C)

p 7 on p 13 CF of (C)

pp 60-61 CF of (B).

para 9 on p 13 CF of (C)

15-2-49, the Sembiam Electric Licensee was permitted to levy a war costs surcharge at the rate of 20%. for the period from 15-2-49 (the date of the order) to 31-3-49, through the C.E.I.G and the C.E (E) recommended that the licensee might be permitted to levy a war costs surcharge at the rate of 50% from 1-2-49 to 31-3-49. This order was based on the opinion expressed by Legal that "under clause 4 (1) of GO Ms No 850 Pwd 24-3-47, as it now stands, it would not be in order to fix more than 20 per centum as war costs surcharge even in cases where the declared rate or the existing rate is more than 20 per centum". A suggestion was also made in this connection whether the proposed levy of a 50 per cent surcharge by the Sembiam undertaking could not be permitted by suitably amending clause 4 (1) of GO Ms No 850 Pwd 24-3-47 with retrospective effect. Legal Deptt, however, pointed out that it was doubtful whether such retrospective effect could be legally given to the amendment since the Govt are exercising only authority delegated by the Legislature under section 3 of Madras Act XIV of 1946, and in the absence of any express provision in the Act enabling the making of the orders contemplated in the section retrospectively, the proposal was open to objection. The legal position was accordingly explained to the C.E.I.G in GO Ms No 628 I/49-3 dt 17-2-49. In reply to this, the C.E.I.G stated in that under the said proviso to clause 4 (1) of GO Ms No 850 Pwd 24-3-47, the rate of surcharge might be enhanced even beyond the 20% limit referred to at 'A' above, if necessary, in exceptional cases. He further stated that it was accordingly presumed by him that the surcharge of 50% recommended by him in the case of the Sembiam electrical undertaking could be sanctioned under the second and third proviso to clause 4 (1) of GO Ms No 850 Pwd 24-3-47. The C.E (E) also agreed with the C.E.I.G that under the third proviso to clause 4 (1) of the GO, the Govt have powers to enhance the rate of

surcharge over and above what is specified in clause 4(1). With refce to the C.E (E)'s views above, this Deptt pointed out that under the surcharge Order, the Govt have no powers to fix the war cess surcharge in the case of a licensee who applies for it for the first time, at a rate beyond the 20% limit specified in clause 4 (1) of the Order, but that if a subsequent upward revision of the charge was found necessary, after the first sanction, that could be done by the Govt under the said proviso to clause 4 (1) of the surcharge order as stated by the CE (E). Legal Deptt agreed with this view - vide their note at the bottom of p[illegible] NF of G.O.R. No 119 Pwd dt 15-2-49. The C.E.I.C. and CE(E) were accordingly informed in Memo No 10559/49-4 Pwr dt 26.6.50.

3. In the present case, it will be seen from the position explained in para 2 on pp 1-2 ante, that the Andhra Electrical Undertaking has not approached the Govt with a declaration for permission to levy a war cess surcharge at the rate of 130% for the first time. As this is a request made by the licensee subsequent to the first sanction, there seems to be no objection to permitting the licensee to levy a 50% surcharge under the said proviso to clause 4 (1) of G.O. No 80 Pwd dt 24-3-47 which is in accordance with the legal opinion ~~already expressed~~ referred to at 'X' above. Attention is in this connection invited to the following G.Os wherein varying rates of surcharge in excess of 20% have been permitted to be levied by the Nellore licensee with refce to the coal valuations submitted by him to the Govt.

1. G.O.R. 1213 Pwd dt 24-11-49.
2. G.O.R. 1120 Pwd dt 30.9.50.
3. G.O.R. 429 Pwd dt 31.3.51.

With these remarks the file may be sent to Legal.

BK
4.5.51.

DK
4/5/51

Legal

Legal Department.

AR
4.5.51.

Pwrs 7161/51-4.

4-5-51.

The third proviso to clause 4(1) of the Madras

E 04.3 (13)

ASSISTANT SECRETARY
7587
4-MAY 1951
5-42

716-T/51

Electricity Supply(Licensed Undertakings' War Costs) Order, 1947, in G.O.Ms.No.850, P.W., dated 24-3-1947, empowers the Government, after causing to be made such enquiry as they think fit, to enhance the rate fixed under clause 4 (1). It does not specifically empower the Government to alter the rate so as to reduce the rate once fixed. However, in view of the precedents mentioned at M on p.6 ante, this Department does not press its objection to the issue of the proposed order The alterations indicated in red ink on the draft may be made.

4/5/51 P.W.D.

Legal U.O.No. 7587/51-1
4-5-51

I
5-MAY 1951
PUBLIC WORKS

The draft order below with the alterations made by Legal may issue.

TDA 5-5-51

for perusal after issue

SECRETARIAT GOVERNMENT
7 MAY 1951
PUBLIC WORKS DEPARTMENT

+ Do 7 n.c. Vide pp 41-42 cf

4 copies d 31-3-51 and [illegible] to be sent to H.M

It does not seem necessary to circulate the file to H.M (P.W) for perusal as already proposed in para 4 onp 3 ante. For orders whether the file may now be closed.

8/5/51

The file may be circulated to H.M (P.W) for perusal of the notes on pp 1-7 above and the orders issued on pp 41-42 cf.

9/5/51

TDA 9-5-51

H.M. (P.W)
9/5-51
10.5

p45cf From Sri Bailur Vasudeva Rao dt 1.5.51.

Please see the letter from Sri Bailur Vasudeva Rao addressed to H.M.(P.W.) with a copy to H.M.(Agri.) and the minutes of the H.Ms on pp.45 and 47 c.f.

The scheme sanctioned by the Government in Jan. '51

716-I/51

for the acquisition and improvement of the Udipi licensed electrical undertaking was based on the proposal of the C. .(T) to continue the existing tariff of the licensee together with 50% increase surcharge. With reference to similar representations received from the Commissioner, Udipi Municipality and other petitioners on the subject the C. .(T) was asked to confirm in March 1951 whether surcharge at the rate of 50% only would be levied after the undertaking is taken over by the Government as provided for in the scheme for the acquisition of the undertaking approved by the Government. ~~The~~ The C. .(T) has confirmed this. vide p.19 c.f. It does not seem therefore necessary to consult the C.E. .. in on this point for the present.

With reference to minutes of M.I .(..T) on p.45 c.f. the letter may be acknowledged. The petitioner may also perhaps be told that the Government have proposed to levy surcharge of 50% only on the consumers in the area of the Udipi electrical undertaking only after it is taken over by the Government. A copy of the recent order issued to the Udipi licensee directing the reduction of the surcharge to 50% may also be sent to the petitioner. ~~Subject to approval a draft order is submitted.~~ A / B

The file may be circulated to M.M.(I.T) and M.M.(Agri, ~~for approval etc.~~

12/5/51. It is unnecessary to mention the position at 'A' above as it is now too early. The petitioner may be informed of the order at 'B' above only. / X

T.P.K. 12.5.51 Hon'ble (PW) 14.5 Hon'ble (Agri) 15/5

With reference to 'X' above, a draft letter is submitted.

16/5/51. T.P.K. 16.5.51

16-5-51.